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OFFICE OF THE
EXECUTIVE SECRETARY

September 15, 2000

VIA HAND DELIVERY

Mr. David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37201

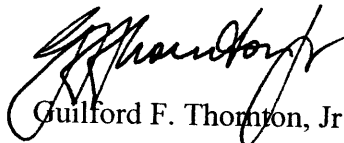
RE: All Telephone Companies Tariff Filings Regarding Reclassification of Pay
Telephone Service as Required by FCC Docket 96-128
TRA Docket 97-00409

Dear Mr. Waddell:

I am enclosing with this letter an original and thirteen copies of the prefiled direct testimony of Citizens Telecommunications Company of Tennessee and Citizens Telecommunications Company of the Volunteer State (collectively "Citizens") in the above referenced matter. Please note that Citizens' cost study in support of its proposed rates was filed in this docket on August 15, 2000, along with Citizens' responses to data requests from the Tennessee Payphone Owners Association.

Copies are being served on counsel for all parties of record. Should you have any questions or require anything further at this time, please do not hesitate to contact me.

Sincerely,


Guilford F. Thornton, Jr.

cc: Richard M. Tettelbaum
Scott Kitchen

POSTED
2110

1 **BEFORE THE TENNESSEE REGULATORY AUTHORITY**
2 **NASHVILLE, TENNESSEE**

3 **IN RE: ALL TELEPHONE COMPANIES)**
4 **TARIFF FILINGS REGARDING)**
5 **RECLASSIFICATION OF PAY)** **Docket No. 97-00409**
6 **TELEPHONE SERVICE AS)**
7 **REQUIRED BY FCC DOCKET 96-128)**
8

9 **DIRECT TESTIMONY OF SCOTT KITCHEN**
10 **MANAGER, ECONOMIC COST ANALYSIS**
11 **CITIZENS COMMUNICATIONS**
12

13 SEPTEMBER 15, 2000
14
15
16

17 Q. Please state your name, title, and business address.

18 A. I am Scott Kitchen. I am the Manager, Economic Cost Analysis for Citizens
19 Communications Company's Communications Sector ("Citizens Communications"). My
20 business address is 5600 Headquarters Drive, Plano, Texas 75025-1209.
21

22 Q. Please describe your responsibilities as Manager, Economic Cost Analysis.

23 A. Generally, my responsibilities cover all aspects of preparing cost studies for the
24 company's incumbent local exchange carrier subsidiaries, including Citizens
25 Telecommunications Company of Tennessee, LLC ("CTC-TN") and Citizens
26 Telecommunications Company of the Volunteer State, LLC ("CTC-Volunteer"). This
27 includes preparation of all cost studies related to regulatory proceedings, in support of
28 tariff filings, and in regard to pricing for individual contracts. Specifically, for the
29 purposes of this proceeding, I am responsible for coordinating the development and
30 review of cost studies pertaining to pay telephone access lines and related services in
31 Tennessee.

32

33 Q. Please describe your background in cost accounting and telecommunications.

34 A. I have a Bachelor of Science Degree in Accounting from the University of Great Falls,
35 Great Falls, Montana. I have training and experience in economic analysis, statistics,
36 cost analysis and regulatory reporting, and have worked with a wide variety of advanced
37 computer programming and software applications. I joined Citizens Communications in
38 1992 and have held positions of increasing responsibility. I worked extensively in
39 developing the cost studies in support of Citizens Telecommunications Company of
40 California's New Regulatory Framework in 1993-1995. I have provided testimony in
41 California reviewing various Regional Bell Operating Company and interexchange
42 carrier models related to local resale avoided costs. I also have taken a number of
43 professional continuing education seminars related to costs, network, and accounting
44 issues for telecommunications companies. Prior to joining Citizens, I was employed for
45 several years as an accountant working in corporate accounting.

46

47 Q. What is the purpose of your testimony?

48 A. I will describe the cost methodology, major components, and component-specific
49 methodologies and assumptions that we considered and used in the development of
50 Citizens' estimated Total Service Long Run Incremental Cost ("TSLRIC") of providing
51 pay telephone access lines and related services by our two Tennessee ILECs. The
52 Citizens' cost study accompanying this testimony, which I prepared, describes, with a
53 single correction, our costing methodology and resulting costs for providing pay
54 telephone access lines and related services in this state.

55

56 Q. What is the correction you wish to make to the Citizens' cost study?

57 A. The second page in Tab 4 of the Citizens' cost study is a summary of our TSLRIC costs
58 of providing pay telephone access and related services in Tennessee. There is a footnote
59 to the "service line" cost entry for CTC-TN on that summary sheet that says, "measured
60 service—does not include switching & shared transport costs." No similar entry is
61 shown for CTC-Volunteer. Some explanation is required.

62

63 First, Section 7.3.2 of CTC-TN's General Customer Services Tariff, at first revised page
64 20, states that, for pay telephone access lines, the Company's B-1 rates, as found in
65 Section 3.4.4 (B), plus local usage rates, as found in Sections 3.4.5(B) and 3.4.6, will
66 apply where usage sensitive service is available. In every instance in CTC-TN's
67 exchange areas, usage sensitive service is available and, accordingly, is the only option
68 presently available for pay telephone access lines in that territory. The flat-rate option in
69 CTC-TN is, therefore, moot and needs to be removed from its tariff.

70

71 CTC-Volunteer's tariff also has usage-sensitive and flat-rate provisions for pay telephone
72 access lines. However, the usage-sensitive option is not available, for technical reasons,
73 in that Company's service area.

74

75 Going back to the original cost summary sheet under Tab 4 to our cost study, it should be
76 noted that the CTC-TN summary of costs applies only to usage-sensitive lines, the only
77 offering available under the Company's tariff. The CTC-Volunteer summary of costs is

78 inappropriate because it pertains only to the usage-sensitive option, which is not
79 available, in reality, for technical reasons.

80
81 The original cost summary under Tab 4 omitted all switching and transport costs. This
82 was appropriate for CTC-TN, in which usage sensitive pricing recovers those costs, but
83 not for CTC-Volunteer, in which flat-rate pricing is the only available option.

84
85 We have revised the cost summary and filed it as a separate exhibit to be part of my
86 testimony. It updates the original cost summary underlying Tab 4 by adding in
87 switching and transport costs, something really not appropriate for CTC-TN, but which is
88 necessary for CTC-Volunteer.

89
90 Q. What prices do the two Citizens' ILECs propose for pay telephone access lines and
91 related services?

92 A. For CTC-TN, we propose to continue the usage-sensitive pricing contained in our present
93 tariff. In effect, the monthly pricing is \$16.95 per access line, plus usage-sensitive local
94 charges, \$2.15 per month for coin supervision and \$3.00 per month for optional operator
95 screening.

96
97 For CTC-Volunteer, until measuring capability is available, we propose to continue our
98 present flat-rate pricing of \$30.00 per month per line in the Tate Springs and Rutledge
99 exchanges and \$58.58 per month per line in the larger Powell, Claxton and Powell

100 exchanges. These rates are, per the Company's tariff, 150% of the B-1 rates in those
101 exchange areas.

102

103 Q. Does that conclude your testimony?

104 A. Yes, it does.

Citizens Telecommunications Company of Tennessee, LLC.
 & The Volunteer State
 Cost of Service for Paystation Lines

PRODUCT	Estimated Monthly LRIC	Estimated TSURIC plus Service Specific Overheads	Estimated TSURIC plus Corporate Overheads
<i>Payphone Lines</i>			
Citizens Communications Company of Tennessee, LLC.			
Service Line (1)	\$12.17	\$14.69	\$17.63
Switching & Transport costs	\$1.09	\$1.42	\$1.87
Coin Supervision enabled line card	\$3.09	\$4.11	\$5.31
	\$16.35	\$20.23	\$24.81
Citizens Communications Company of the Volunteer State, Inc.			
Service Line	\$15.62	\$19.50	\$23.71
Switching & Transport costs	\$1.66	\$2.16	\$2.76
Coin Supervision enabled line card	\$3.09	\$4.14	\$5.28
	\$20.37	\$25.79	\$31.74

(1) Measured service - does not include switching & shared transport costs

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following individuals, via U.S. Mail, on this 15th day of September, 2000.

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Nashville, TN 37243

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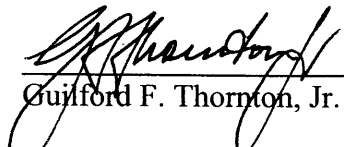
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